

**Chiltern District Council  
Cabinet**

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<b>SUBJECT:</b>	<i>Treasury Management – Quarterly Report Quarter 3 2015/16</i>
<b>REPORT OF:</b>	<i>Jim Burness, Director of Resources</i>
<b>RESPONSIBLE OFFICER</b>	<i>Helen O'Keeffe, Principal Accountant</i>
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<b>WARD/S AFFECTED</b>	<i>All</i>

**1. Purpose of Report**

- 1.1 To report on the Treasury Management operation of the Council for October – December 2015.

**RECOMMENDATION**

**The Cabinet is requested to note the Treasury Management performance for 2015/16.**

**2. Background**

- 2.1 The Council is required to comply with the CIPFA Code of Practice on Treasury Management. The primary requirements of the code are:
- (i) Creation and maintenance of a Treasury Management Policy Statement, which sets out the policies, and objectives of the Council's treasury management activities.
  - (ii) Creation and maintenance of Treasury Management Practices, which set out the manner in which the Council will achieve those policies and objectives.
  - (iii) Receipt by the Cabinet and Council of an annual strategy report for the year ahead and an annual review report of the previous year.
  - (iv) The delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

**3. Quarterly Report on Treasury Management Quarter to December 2015**

- 3.1 As a debt free authority the treasury management activities of the Council are exclusively concerned with the investment of its reserves, as the Council does not undertake any borrowing.
- 3.2 There were no changes in the base rate in the quarter, with the rate having remained at 0.5% since March 2009.
- 3.3 The total of loans outstanding at the end of the quarter was £13,000,000 detailed in the table below.

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UK Institutions	Fitch Credit Rating	Principal £	Interest Rate	Invested	Matures
Standard Life MMF		2,000,000	0.49% variable	immediate	access
Lloyds Banking Group	A+				
Fixed Deposit		1,000,000	1.05%	05/11/15	04/11/16
Fixed Deposit		1,000,000	1.55%	02/06/14	02/06/17
Fixed Deposit		1,000,000	1%	28/07/15	27/07/16
Nationwide Building Society	A				
Fixed Deposit		1,000,000	0.90%	19/05/15	19/05/16
Fixed Deposit		1,000,000	0.90%	28/07/15	28/07/16
Fixed Deposit		1,000,000	0.90%	05/10/15	04/10/16
Santander	A				
Fixed Deposit		1,000,000	1%	09/03/15	09/03/16
Fixed Deposit		1,000,000	0.98%	19/06/15	20/06/16
Fixed Deposit		1,000,000	1%	09/03/15	09/03/16
Close Brothers	A				
Fixed Deposit		1,000,000	1.60%	13/10/15	13/10/17
Fixed Deposit		1,000,000	1%	24/11/15	24/11/16
<b>Total Deposits</b>		<b>13,000,000</b>			

3.4 Capita Asset Services Treasury is engaged by the Council as its Treasury Management consultants providing advice on investment, performance and regulations where necessary.

#### 4. The Prudential Capital Code – Prudential Indicators

4.1 In accordance with the Prudential Capital Code the Council reviews its Prudential Indicators on a quarterly basis. Prudential Indicators are reviewed annually as part of the Treasury Management Strategy review which is being reported to this Cabinet meeting. Movements in the Prudential Indicators for the year 2015/16 to date are as follows:

4.2 Interest rate exposures

The interest rate exposure on investments has moved as follows:

Date	Investments as a % of total	
	Fixed	Variable
30/06/15	62.5%	37.5%
30/09/15	72.7%	27.3%
31/12/15	84.6%	15.4%

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This Prudential Indicator sets an upper limit on fixed interest rate exposures of 100% and variable interest rate exposures of 33% of net outstanding principal sums.

### 4.3 Principal sums invested for periods longer than 12 months

The limit for non-specified investments is 100% of total investments, of which up to 50% only can be greater than 12 months. The figures are as follows:

Date	Total investments	Sums invested for greater than 12 months	% of total investments
30/06/15	£9m	£5m	56%
30/09/15	£11m	£6m	55%
31/12/15	£13m	£8m	62%

Of the £8m invested for greater than 12 months, £6m of this is for 6 loans with durations of 366 or 367 days. The time periods over which sums have been invested reflect the current level of rates that do not incentivise long term cash investments.

### 4.4 The fixed term investments have increased from £11m to £13m between October and December because more funds have been invested over fixed time periods. As at the end of December, £7.962m was held in instant access funds for everyday cashflow purposes compared to £9.045m at the end of September.

## 5 Corporate Implications

### 5.1 The budgeted income from investments for 2015/16 has been set at £110,000. Interest earned in the year to December is £105,000. This includes some additional bonus interest earned on the instant access cash accounts at the end of our first year of banking with Barclays. It is likely that the budgeted income target for 2015/16 will be exceeded.

<b>Background Papers:</b>	None
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